

City of Cincinnati

Council



Melissa Autry, CMC
Clerk of Council

201000603

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April 12, 2010

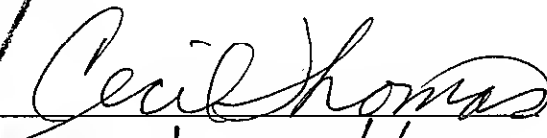

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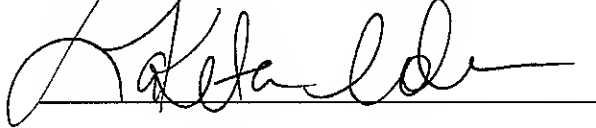
MOTION

We move that the City of Cincinnati administration and the Hamilton County administration initiate a process to consolidate emergency 911 services. The City administration will report to Council in 120 days on the progress of the merger.


Mark Mallory, Mayor


Roxanne Qualls, Vice Mayor

STATEMENT

The Government Cooperation and Efficiency Project, a joint effort by the City of Cincinnati, Hamilton County and the Cincinnati Business Committee, estimates

that up to \$3 million in annual savings could be achieved by merging the City and County 911 systems.

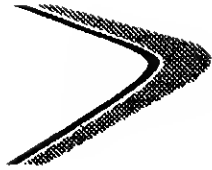
With the savings from such a merger evident, the City administration and County administration should take the next steps in the consolidation process, including conducting an in-depth implementation study to outline the step by step process necessary for a successful merger. The Administration should report back to Council within 120 days on the progress of this merger.

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GOVERNMENT COOPERATION AND EFFICIENCY PROJECT

BUSINESS CASE ANALYSIS REPORTS

September 2009



MANAGEMENT PARTNERS

INCORPORATED

To: Government Cooperation and Efficiency Project Funders
Hamilton County, City of Cincinnati, Cincinnati Business Committee

From: Gerald Newfarmer, Management Partners

Subject: Action Projects

Date: September 25, 2009

Management Partners has completed the three business case analysis reports on priority projects identified by the Government Cooperation and Efficiency Project (GCEP) as priority areas for attention. They are currently in production and will be available for distribution on Monday (there were a number of last minute changes based on reviews of the drafts). The objective in each of these was to explore the potential for cost savings to taxpayers through consolidation or integration of service delivery among jurisdictions.

The three cases are interesting and offer potential for savings, in quite different ways based on the facts and interest displayed by the involved local governments. In the first case, the potential for the consolidation of Fire/Emergency Medical Service among jurisdictions in central Hamilton County was explored. This project was identified because a group of local governments had previously self-selected to apply for a grant from the State of Ohio to study the issue. Although that application was not selected by the state for funding, the interest it displayed was attractive to GCEP for further exploration.

The result of our analysis studying the potential consolidation of Fire/EMS is that the participants are interested in pursuing limited service integration on a selective basis. They are interested in sharing functions that they each do, and in building enhanced inter-jurisdictional emergency response capabilities, but without actually merging the agencies.

The second project analyzed the potential for merging emergency communication and dispatch services. This project involves two separate potential mergers; an internal merger within the City of Cincinnati of its police and fire dispatch functions, and a second potential project to merge the City of Cincinnati E-911 emergency communications function with the same function operated by Hamilton County. We know from similar mergers in other local governments that the emergency communication function is most amenable to economies of scale, with larger centers offering more cost-effective use of resources.

The City's internal merger is proceeding under the direction of the City Manager who has formed a group to work through the issues involved and prepare a recommended solution for consideration. The option of merging the City and County E-911 functions requires additional analysis to settle on a plan of action to accomplish integration, as well as to develop more detailed cost estimates of the savings involved. The business case report concludes that the City will reduce costs of operation by completing its internal

merger, and that a merger between the City and County E-911 functions will offer substantial savings, in the millions of dollars.

The third project explored as a GCEP business case analysis is the potential for integration of separate tax administration functions. According to our original assessment in the Phase One GCEP report, there were 28 jurisdictions within the county that have tax administration components (in addition to the City of Cincinnati). At the time, four of those contracted with the Regional Tax Administration Agency (RTA). Since then, others may have contracted with RTA.

Our analysis of the tax administration function reflects two interesting findings. The first is that the City of Cincinnati's cost of administration is below 1%, which makes it markedly more attractive to external customers if it is available as a service at such a rate. It is not currently available. The second interesting finding is that the federal Internal Revenue Service has a program that makes its database of tax returns available to a local entity serving a population of greater than 300,000 for use in cross-checking local tax returns. This option produces a significant improvement in taxpayer compliance, increasing revenue on average between 3% and 5% per year. Only the City of Cincinnati and RTA are eligible to use this technique.

Implementing enhanced service integration in tax administration is consistent with the raison d'être of GCEP – to provide quality public services at reduced cost to taxpayers. To realize this goal in the tax administration function, an initiative with two discrete dimensions is required: First, the City of Cincinnati must be supported in developing the means and procedures for sharing its service capability with other jurisdictions. Second, other jurisdictions will want to complete their own analysis service if they are to seriously consider it. GCEP is the single entity in a position to support both dimensions of this needed work to move implementation to reality. Without GCEP leadership, integrating the tax administration will either not happen or languish without a clearly defined project completion date because the staff members of all affected agencies are already busy with current priorities and lack the capacity to do this work in a near-term time frame.

Next Steps

We recommend that the GCEP funders approve two follow-up projects: a project to implement tax administration sharing and more detailed study of the potential of a merger of E-911 emergency communications between the City and the County. In making this recommendation, we appreciate that the County is likely to have more interest in pursuing the emergency communications merger and the City is likely to have more interest in pursuing the tax administration option. Both, however, would be major service integration "wins" for GCEP if they could be implemented because together they represent the greatest opportunity for saving taxpayer dollars.

It is important to note that the tax administration project will have more immediate implementation potential than emergency communications. Since the City is taking the important immediate step of internally merging its police and fire emergency communications, it makes sense to anticipate letting that internal merger settle before implementing a second stage merger. (As we note in our report on emergency communications, it makes sense for the City to complete its internal merger but that does not markedly reduce the potential for substantial additional savings from a City-County merger.)

The tax administration project should have goal of near-term activation of the capacity within the City of Cincinnati to serve other local governments with tax administration services. As we point out in the tax administration report, putting this service integration in place is doable within a relatively short term time frame provided we implement a project specifically to do that, including analyses for several pilot local governments who will consider this option.

If the Funders Group agrees with this approach, Management Partners is prepared to implement a plan of work, collaborating with city and county officials regarding its design, within the funds remaining in the GCEP project.